

To: Economic Development Task Force Chairs, Senator Reid and Representative Wilson
From: Wesley Smith
Date: September 30, 2013

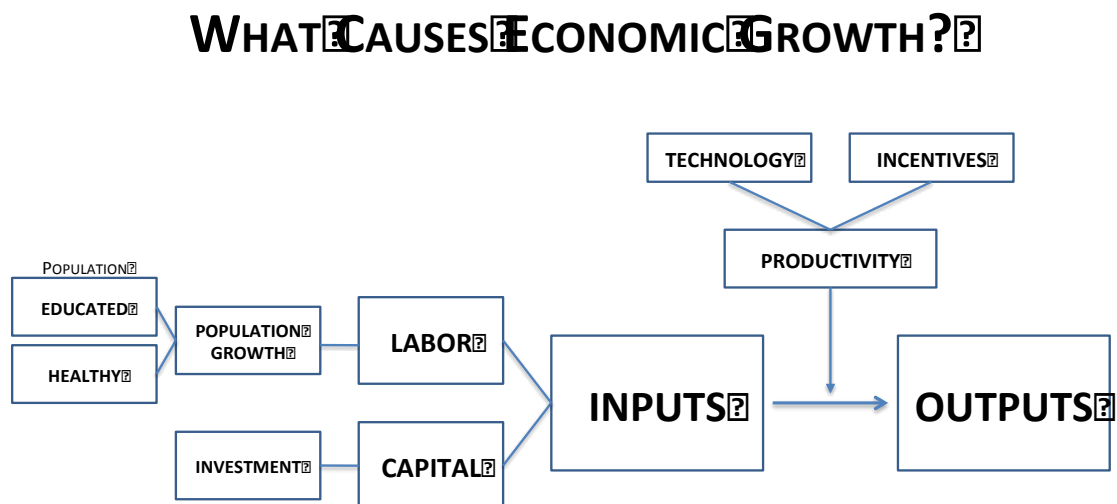
Re: Recommendations for Economic Development Task Force

Dear Co-chairs,

It has been an honor to serve on the Legislature's Economic Development Task Force. Thank you for the opportunity to work alongside so many of the Chamber's valued partners to advance Utah's economy. As you may know, the mission of the Salt Lake Chamber, Utah's largest and longest-serving business association, is to support our members' success and champion community prosperity. Service on this task force has been valuable in advancing this mission.

With regard to recommendations for the legislature generally, it is important to keep in mind the motivations in the creation of the Economic Development Task Force, specifically the intent to address both economic issues as well as air quality issues, recognizing that these issues have substantial overlap.

The following chart characterizes our view of economic development generally:



Source: Compiled by the David Eccles School of Business, University of Utah



With this in mind, the Salt Lake Chamber submits the following recommendations for review by task force members:

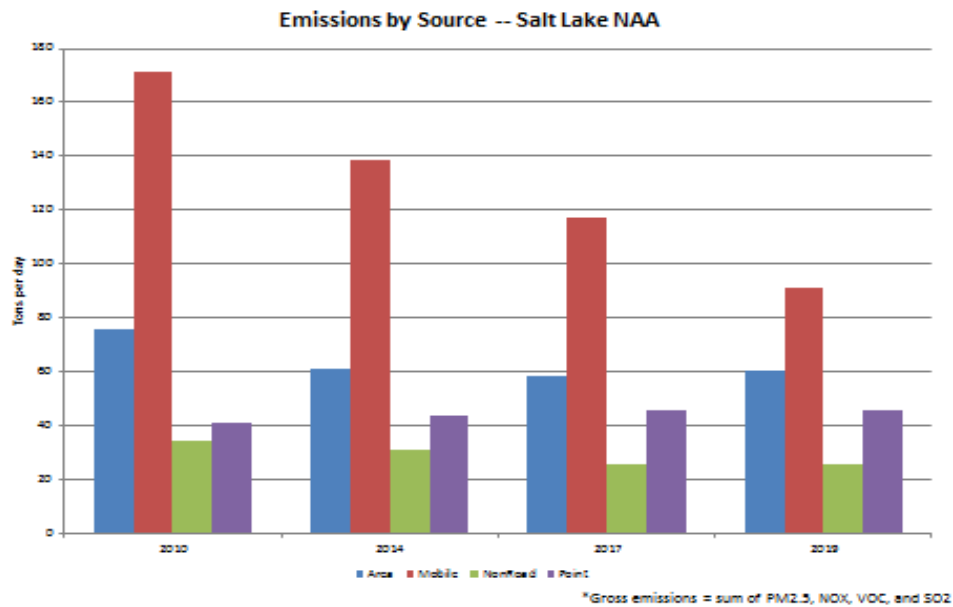
- 1) **Invest in transportation infrastructure.** Earlier this year the Chamber commissioned and released a study that evaluated the economic impact of implementing Utah's Unified Transportation Plan.¹ The findings were persuasive with regard to the economic benefit of investing in transportation infrastructure. This investment impacts economic growth in at least two important ways: it is an investment in capital that goes into economic inputs, and the investment results in an increase in productivity as goods and people can move more efficiently in our community.

Specifically, the study found the following:

- “Investing in the transportation system at this level [an additional \$11.3 billion to bring funding to \$54.7 billion by 2040] will result in nearly 183,000 new jobs in Utah’s economy in 2040 in comparison to a 2040 in which no investment is made in the transportation system. These jobs include not only nearly 55,000 construction jobs, but also over 91,000 jobs created by private savings on congestion, safety, wear and tear from deteriorating pavements, and other transportation efficiency problems; over 17,000 jobs created by enhanced access to markets for Utah firms; and over 19,000 jobs created by new businesses attracted to Utah because of improved transportation conditions resulting from the plan.”
- Investment consistent with the Unified Plan recommendation “would reduce Utah’s private transportation cost to \$60.5 billion [from \$145.3 billion if we were to simply maintain our current system], a savings of \$84.8 billion.”
- “The state’s public return on investment (ROI) is understood as the net growth in the state’s gross domestic product (GDP) per dollar of investment net of the effects of taxes or state spending. By inducing GDP growth (net of taxes or state spending) of \$106.5 billion...fully funding Utah’s investment in the Unified Plan is expected to achieve a ROI of 1.94.”

An investment in transportation infrastructure at the level recommended by the Unified Transportation Plan for prioritized projects is not only an important driver of economic growth, but it is also, arguably, the very best investment Utah can make in air quality. The following data presented by Bryce Bird in the September task force meeting illustrates the need to focus air quality efforts on mobile sources of pollution:

¹ Utah’s Unified Transportation Plan is a consensus, comprehensive transportation plan developed by all of Utah’s Metropolitan Planning Organizations in conjunction with UTA and UDOT. It addresses both urban and rural needs of our transportation system. It recommends an additional \$11.3 billion investment between now and 2040 in “priority projects” to keep Utah moving.



The Unified Transportation Plan recommends an additional \$11.3 billion in transportation funding beyond the state's currently planned investments. This additional investment in both capacity and maintenance is roughly split into thirds with 1/3rd needed for local roads, 1/3rd for transit and 1/3rd for state roads. This investment will yield a transportation system where transit is a more viable alternative to driving and where traffic gridlock leading to excessive emissions is minimized. A serious investment in transportation is a serious investment in improving Utah's air quality, and sustains and promotes economic growth.

- 2) **Improve Utah's education system.** An educated workforce is the foundation of economic development. This investment impacts economic growth in at least two important ways: it is an investment in labor that goes into economic inputs, and the investment results in an increase in productivity as technology and innovation improve output in our economy. Members of the Salt Lake Chamber consistently rank an educated workforce as a top public policy priority.

The Chamber supports efforts by the Utah Legislature's Education Task Force to improve educational outcomes, define a state education plan and is inclined to review and support, where possible, the legislature's recommendations.

In our view, the two biggest drivers of economic growth are an educated workforce and an efficient infrastructure. A commitment to pursue these two objectives is a very safe investment of our time and resources and will yield a substantial return to us today and to future generations.